

**CITY OF LAKIN, KANSAS**

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**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2011**

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and City Council  
City of Lakin, Kansas

We have audited the accompanying financial statements of the City of Lakin, Kansas, as of and for the year ended December 31, 2011 as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note A, the City of Lakin, Kansas, prepares its financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Lakin, Kansas, as of December 31, 2011, or the changes in its financial position for the year then ended. Further, the City of Lakin, Kansas has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the City of Lakin, Kansas, as of December 31, 2011, and their respective cash receipts and expenditures, and budgetary results for the year then ended, on the basis of accounting described in Note A.

*Kennedy McKee & Company LLP*

March 7, 2012

# CITY OF LAKIN, KANSAS

## SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Year ended December 31, 2011

<u>Fund</u>	Beginning unencumbered cash balance (deficit)
Governmental funds:	
General	\$ 351,786
Special revenue funds:	
Employee benefits	73,390
Special street and highway	29,997
Special parks and recreation	7,254
Industrial levy	18,782
Nonbudgeted special revenue funds:	
Special equipment	44,931
Capital improvement	26,057
Debt service fund:	
Bond and interest	86,320
Proprietary funds:	
Enterprise funds - budgeted:	
Electric utility	398,538
Water utility	273,249
Refuse collection	103,324
Sewage disposal	56,434
Enterprise funds - nonbudgeted:	
Electric customer utility deposits	-
Electric reserve	975,000
Water debt service	49,521
Water Treatment Facility Construction	(88,987)
Refuse collection reserve	42,330
Sewage disposal pump deposit reserve	24,000
Sewage disposal debt service	221,239
Total primary government	<u>2,693,165</u>
Component unit:	
Lakin Housing Authority:	
O'Loughlin	77,204
Westridge	139,643
	<u>216,847</u>
	<u>\$ 2,910,012</u>
Composition of cash balance:	
Cash on hand	
Petty cash account	
General checking account	
Money market account	
Certificates of deposit	
Total component unit	
Total cash	

The accompanying notes are an integral part of the financial statements.

<u>Prior year canceled encumbrances</u>	<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance (deficit)</u>	<u>Add outstanding encumbrances and accounts payable</u>
\$ -	\$ 825,358	\$ 847,263	\$ 329,881	\$ 17,872
-	181,116	166,837	87,669	1,350
-	56,657	70,455	16,199	-
-	1,335	-	8,589	-
-	1,309	3,286	16,805	351
-	-	-	44,931	-
-	20,000	-	46,057	-
-	11,990	16,396	81,914	-
-	2,148,809	1,800,933	746,414	84,417
-	463,702	503,622	233,329	9,609
-	131,173	124,421	110,076	659
-	120,365	76,727	100,072	7,995
-	-	-	-	32,345
-	25,000	-	1,000,000	-
-	96,103	112,660	32,964	-
-	177,742	134,757	(46,002)	42,750
-	10,000	-	52,330	-
-	-	-	24,000	-
-	97,985	76,358	242,866	1,378
-	4,368,644	3,933,715	3,128,094	198,726
-	60,516	77,007	60,713	4,679
-	95,660	125,474	109,829	6,697
-	156,176	202,481	170,542	11,376
<u>\$ -</u>	<u>\$ 4,524,820</u>	<u>\$ 4,136,196</u>	<u>\$ 3,298,636</u>	<u>\$ 210,102</u>

# CITY OF LAKIN, KANSAS

## SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

Fund	Certified budget	Adjustment for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance favorable (unfavorable)
General fund	\$ 987,303	\$ -	\$ 987,303	\$ 847,263	\$ 140,040
Special revenue funds:					
Employee benefits	225,000	-	225,000	166,837	58,163
Special street and highway	75,454	-	75,454	70,455	4,999
Special parks and recreation	7,000	-	7,000	-	7,000
Industrial levy	20,000	-	20,000	3,286	16,714
Debt service fund:					
Bond and interest	16,495	-	16,495	16,396	99
Enterprise funds:					
Electric utility	2,026,760	-	2,026,760	1,800,933	225,827
Water utility	545,460	-	545,460	503,622	41,838
Refuse collection	157,702	-	157,702	124,421	33,281
Sewage disposal	122,900	-	122,900	76,727	46,173
Total	<u>\$ 4,184,074</u>	<u>\$ -</u>	<u>\$ 4,184,074</u>	<u>\$ 3,609,940</u>	<u>\$ 574,134</u>

The accompanying notes are an integral  
part of the financial statements.

# CITY OF LAKIN, KANSAS

## GENERAL FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 120,600	\$ 184,326	\$ 181,671	\$ 2,655
Delinquent tax	1,355	2,318	615	1,703
Vehicle tax	27,319	28,133	30,464	(2,331)
Shared revenue:				
Local alcoholic liquor	543	1,638	300	1,338
Local sales tax	159,056	174,715	150,000	24,715
State connecting link	7,704	7,704	7,683	21
County park and pool aid	5,000	5,000	5,000	-
County highway maintenance	136,041	95,821	95,000	821
Recreation commission - golf	10,000	-	10,000	(10,000)
Recreation commission - pool	74,000	-	74,000	(74,000)
Recreation commission - park	5,000	-	5,000	(5,000)
Licenses, fees, fines and permits:				
Franchise fees	32,971	31,612	28,000	3,612
Fines and penalties	5,213	5,871	4,000	1,871
Animal control	2,853	2,778	2,500	278
Golf course fees	13,307	12,614	14,000	(1,386)
Golf course membership fees	37,200	33,762	34,000	(238)
Other licenses, fees, and permits	11,839	13,824	4,000	9,824
Interest:				
Interest on idle funds	4,146	1,546	5,000	(3,454)
Other:				
Gas well receipts	84,901	91,126	75,000	16,126
Rentals	5,641	5,371	6,000	(629)
Golf cart storage	15,485	7,928	19,000	(11,072)
Swimming pool receipts	15,044	15,215	15,000	215
Miscellaneous	8,383	4,056	-	4,056
Transfer from:				
Electric utility fund	100,000	100,000	100,000	-
Total cash receipts	<u>883,601</u>	<u>825,358</u>	<u>\$ 866,233</u>	<u>\$ (40,875)</u>

# CITY OF LAKIN, KANSAS

## GENERAL FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

Year ended December 31,			
2011			
2010	Actual	Budget	Variance favorable (unfavorable)
Expenditures:			
General government:			
Administration:			
Personal services	\$ 102,755	\$ 86,707	\$ 90,000
Contractual services	39,900	29,670	32,000
Commodities	7,146	7,287	4,600
Capital outlay	9,696	3,400	5,000
	<u>159,497</u>	<u>127,064</u>	<u>131,600</u>
			4,536
Planning commission:			
Contractual services	<u>27,792</u>	<u>25,420</u>	<u>24,915</u>
			(505)
Housing authority	<u>3,295</u>	<u>3,356</u>	<u>3,400</u>
			44
Gas well maintenance	<u>35,018</u>	<u>32,906</u>	<u>45,000</u>
			12,094
Tort liability	<u>-</u>	<u>-</u>	<u>6,000</u>
			6,000
Highways and streets:			
Street department:			
Personal services	103,547	105,382	127,000
Contractual services	53,248	74,327	71,000
Commodities	43,367	45,143	53,000
Capital outlay	16,455	1,028	5,000
Debt service	53,147	45,486	47,538
	<u>269,764</u>	<u>271,366</u>	<u>303,538</u>
			32,172
Culture and recreation:			
Park department:			
Personal services	32,672	26,638	35,000
Contractual services	9,244	8,108	13,000
Commodities	12,676	12,935	20,000
Capital outlay	10,551	3,084	3,000
	<u>65,143</u>	<u>50,765</u>	<u>71,000</u>
			20,235



# CITY OF LAKIN, KANSAS

## GENERAL FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Swimming pool:				
Personal services	\$ 69,168	\$ 81,829	\$ 90,000	\$ 8,171
Contractual services	44,562	41,123	53,000	11,877
Commodities	23,095	23,436	35,000	11,564
Capital outlay	8,000	3,400	8,000	4,600
	<u>144,825</u>	<u>149,788</u>	<u>186,000</u>	<u>36,212</u>
Golf course:				
Personal services	91,768	70,733	75,000	4,267
Contractual services	42,698	51,186	49,000	(2,186)
Commodities	42,161	39,948	45,000	5,052
Capital outlay	8,000	-	8,000	8,000
	<u>184,627</u>	<u>161,867</u>	<u>177,000</u>	<u>15,133</u>
Public safety:				
Fire department:				
Contractual services	749	701	-	(701)
Animal control:				
Personal services	24,693	23,204	30,450	7,246
Contractual services	3,479	3,991	4,400	409
Commodities	3,929	3,892	4,000	108
	<u>32,101</u>	<u>31,087</u>	<u>38,850</u>	<u>7,763</u>
Reimbursed expenditures	<u>(24,322)</u>	<u>(7,057)</u>	<u>-</u>	<u>7,057</u>
Total expenditures	<u>898,489</u>	<u>847,263</u>	<u>\$ 987,303</u>	<u>\$ 140,040</u>
Receipts over (under) expenditures	(14,888)	(21,905)		
Unencumbered cash, beginning of year	<u>366,674</u>	<u>351,786</u>	<u>\$ 121,070</u>	<u>\$ 230,716</u>
Unencumbered cash, end of year	<u>\$ 351,786</u>	<u>\$ 329,881</u>		

The accompanying notes are an integral  
part of the financial statements.

# CITY OF LAKIN, KANSAS

## EMPLOYEE BENEFITS FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 157,849	\$ 141,374	\$ 139,334	\$ 2,040
Delinquent tax	1,814	2,627	805	1,822
Vehicle tax	37,780	37,115	39,872	(2,757)
Total cash receipts	197,443	181,116	\$ 180,011	\$ 1,105
Expenditures:				
General government:				
Personal services	169,786	166,459	\$ 225,000	\$ 58,541
Contractual services	378	378	-	(378)
Total expenditures	170,164	166,837	\$ 225,000	\$ 58,163
Receipts over (under) expenditures	27,279	14,279		
Unencumbered cash, beginning of year	46,111	73,390	\$ 44,989	\$ 28,401
Unencumbered cash, end of year	\$ 73,390	\$ 87,669		

The accompanying notes are an integral  
part of the financial statements.

# CITY OF LAKIN, KANSAS

## SPECIAL STREET AND HIGHWAY FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Shared revenue	\$ 58,392	\$ 56,657	\$ 58,190	\$ (1,533)
Expenditures:				
Highways and streets:				
Contractual services	77,142	-	\$ 5,000	\$ 5,000
Reimbursed expense	(14,754)	-	-	-
Debt service payments:				
Principal	53,185	55,100	55,099	(1)
Interest	17,270	15,355	15,355	-
Total expenditures	132,843	70,455	\$ 75,454	\$ 4,999
Receipts over (under) expenditures	(74,451)	(13,798)		
Unencumbered cash, beginning of year	104,448	29,997	\$ 18,073	\$ 11,924
Unencumbered cash, end of year	\$ 29,997	\$ 16,199	\$ 809	\$ 15,390

The accompanying notes are an integral  
part of the financial statements.

# CITY OF LAKIN, KANSAS

## SPECIAL PARKS AND RECREATION FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Shared revenue	\$ 237	\$ 1,335	<u>\$ 300</u>	<u>\$ 1,035</u>
Expenditures:				
Culture and recreation:				
Contractual services	<u>-</u>	<u>-</u>	<u>\$ 7,000</u>	<u>\$ 7,000</u>
Receipts over (under) expenditures	237	1,335		
Unencumbered cash, beginning of year	<u>7,017</u>	<u>7,254</u>	<u>\$ 6,817</u>	<u>\$ 437</u>
Unencumbered cash, end of year	<u>\$ 7,254</u>	<u>\$ 8,589</u>	<u>\$ 117</u>	<u>\$ 8,472</u>

The accompanying notes are an integral  
part of the financial statements.

# CITY OF LAKIN, KANSAS

## INDUSTRIAL LEVY FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 1,114	\$ 1,022	\$ 1,042	\$ (20)
Delinquent tax	17	26	6	20
Vehicle tax	389	261	281	(20)
Total cash receipts	<u>1,520</u>	<u>1,309</u>	<u>\$ 1,329</u>	<u>\$ (20)</u>
Expenditures:				
General government:				
Contractual services	-	2,765	\$ 20,000	\$ 17,235
Commodities	-	521	-	(521)
Total expenditures	<u>-</u>	<u>3,286</u>	<u>\$ 20,000</u>	<u>\$ 16,714</u>
Receipts over (under) expenditures	1,520	(1,977)		
Unencumbered cash, beginning of year	17,262	18,782	<u>\$ 18,671</u>	<u>\$ 111</u>
Unencumbered cash, end of year	<u>\$ 18,782</u>	<u>\$ 16,805</u>		

The accompanying notes are an integral part of the financial statements.

# CITY OF LAKIN, KANSAS

## BOND AND INTEREST FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ -	\$ 11,990	\$ -	\$ 11,990
Special assessments	11,349	-	10,901	(10,901)
Total cash receipts	11,349	11,990	\$ 10,901	\$ 1,089
Expenditures:				
Debt service payments:				
Principal	15,000	15,000	\$ 15,000	\$ -
Interest	2,070	1,396	1,395	(1)
Commission	-	-	100	100
Total expenditures	17,070	16,396	\$ 16,495	\$ 99
Receipts over (under) expenditures	(5,721)	(4,406)		
Unencumbered cash, beginning of year	92,041	86,320	\$ 86,221	\$ 99
Unencumbered cash, end of year	\$ 86,320	\$ 81,914	\$ 80,627	\$ 1,287

The accompanying notes are an integral part of the financial statements.

# CITY OF LAKIN, KANSAS

## ELECTRIC UTILITY FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Customer charges	\$ 2,150,082	\$ 2,145,605	\$ 2,005,000	\$ 140,605
Interest	7,562	3,204	-	3,204
Total cash receipts	<u>2,157,644</u>	<u>2,148,809</u>	<u>\$ 2,005,000</u>	<u>\$ 143,809</u>
Expenditures:				
Administration:				
Personal services	124,812	118,687	\$ 120,000	\$ 1,313
Contractual services	6,972	7,003	10,400	3,397
Commodities	490	1,717	2,500	783
Capital outlay	2,985	-	8,000	8,000
Reimbursed expense	(11,076)	(1,340)	-	1,340
Distribution:				
Personal services	128,482	130,248	135,000	4,752
Contractual services	109,447	86,113	87,520	1,407
Commodities	60,581	62,133	96,800	34,667
Capital outlay	-	-	84,000	84,000
Reimbursed expense	(32,136)	(33,081)	-	33,081
Production:				
Personal services	123,339	117,440	118,700	1,260
Contractual services	1,140,485	1,153,528	1,156,000	2,472
Commodities	19,333	17,222	62,840	45,618
Reimbursed expense	(3,571)	(3,737)	-	3,737
Transfer to:				
Capital improvement fund	20,000	20,000	20,000	-
General fund	100,000	100,000	100,000	-
Electric reserve fund	150,000	25,000	25,000	-
Total expenditures	<u>1,940,143</u>	<u>1,800,933</u>	<u>\$ 2,026,760</u>	<u>\$ 225,827</u>
Receipts over (under) expenditures	217,501	347,876		
Unencumbered cash, beginning of year	<u>181,037</u>	<u>398,538</u>	<u>\$ 93,737</u>	<u>\$ 304,801</u>
Unencumbered cash, end of year	<u>\$ 398,538</u>	<u>\$ 746,414</u>	<u>\$ 71,977</u>	<u>\$ 674,437</u>

The accompanying notes are an integral  
part of the financial statements.

# CITY OF LAKIN, KANSAS

## WATER UTILITY FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Customer charges	\$ 426,640	\$ 459,166	\$ 410,000	\$ 49,166
Interest	1,071	425	1,000	(575)
Land earnings	4,111	4,111	4,000	111
Loan proceeds	49,660	-	-	-
Other	325	-	-	-
Total cash receipts	<u>481,807</u>	<u>463,702</u>	<u>\$ 415,000</u>	<u>\$ 48,702</u>
Expenditures:				
Administration:				
Personal services	62,704	65,446	\$ 68,800	\$ 3,354
Contractual services	4,763	4,257	5,000	743
Commodities	625	683	1,000	317
Capital outlay	-	-	2,000	2,000
Reimbursements	(3,474)	(2,188)	-	2,188
Distribution:				
Personal services	143,191	150,992	138,000	(12,992)
Contractual services	70,262	118,544	105,000	(13,544)
Commodities	40,336	49,064	48,000	(1,064)
Capital outlay	-	27,825	65,000	37,175
Kansas water fee	(44)	-	-	-
Reimbursed expense	(7,118)	(7,001)	-	7,001
Transfer to:				
Water debt service fund	<u>96,000</u>	<u>96,000</u>	<u>112,660</u>	<u>16,660</u>
Total expenditures	<u>407,245</u>	<u>503,622</u>	<u>\$ 545,460</u>	<u>\$ 41,838</u>
Receipts over (under) expenditures	74,562	(39,920)		
Unencumbered cash, beginning of year	<u>198,687</u>	<u>273,249</u>	<u>\$ 134,379</u>	<u>\$ 138,870</u>
Unencumbered cash, end of year	<u>\$ 273,249</u>	<u>\$ 233,329</u>	<u>\$ 3,919</u>	<u>\$ 229,410</u>

The accompanying notes are an integral  
part of the financial statements.



# CITY OF LAKIN, KANSAS

## REFUSE COLLECTION FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Customer charges	\$ 98,752	\$ 130,878	\$ 98,000	\$ 32,878
Interest	910	295	1,000	(705)
Sale of equipment	17,000	-	-	-
Total cash receipts	116,662	131,173	\$ 99,000	\$ 32,173
Expenditures:				
Administration:				
Contractual services	632	-	\$ -	\$ -
Distribution:				
Personal services	49,375	50,553	54,000	3,447
Contractual services	12,402	8,603	17,000	8,397
Commodities	22,045	28,018	46,500	18,482
Capital outlay	27,685	30,202	30,202	-
Reimbursed expense	(1,874)	(2,955)	-	2,955
Transfer to refuse collection reserve fund	10,000	10,000	10,000	-
Total expenditures	120,265	124,421	\$ 157,702	\$ 33,281
Receipts over (under) expenditures	(3,603)	6,752		
Unencumbered cash, beginning of year	106,927	103,324	\$ 70,292	\$ 33,032
Unencumbered cash, end of year	\$ 103,324	\$ 110,076	\$ 11,590	\$ 98,486

The accompanying notes are an integral  
part of the financial statements.

# CITY OF LAKIN, KANSAS

## SEWAGE DISPOSAL FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Customer charges	\$ 92,839	\$ 119,720	\$ 95,000	\$ 24,720
Interest	1,514	645	1,500	(855)
Total cash receipts	<u>94,353</u>	<u>120,365</u>	<u>\$ 96,500</u>	<u>\$ 23,865</u>
Expenditures:				
Administration:				
Contractual services	180	-	\$ -	\$ -
Distribution:				
Personal services	35,919	42,665	70,000	27,335
Contractual services	25,265	25,802	34,500	8,698
Commodities	16,246	6,704	13,400	6,696
Capital outlay	25,000	1,600	5,000	3,400
Reimbursed expense	(511)	(44)	-	44
Transfer to:				
Sewage disposal pump deposit reserve fund	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>108,099</u>	<u>76,727</u>	<u>\$ 122,900</u>	<u>\$ 46,173</u>
Receipts over (under) expenditures	(13,746)	43,638		
Unencumbered cash, beginning of year	<u>70,180</u>	<u>56,434</u>	<u>\$ 26,680</u>	<u>\$ 29,754</u>
Unencumbered cash, end of year	<u>\$ 56,434</u>	<u>\$ 100,072</u>	<u>\$ 280</u>	<u>\$ 99,792</u>

The accompanying notes are an integral  
part of the financial statements.

**CITY OF LAKIN, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ALL NON-BUDGETED SPECIAL REVENUE FUNDS**

Year ended December 31, 2011

	<u>Special equipment</u>	<u>Capital improvement</u>	<u>Total</u>
Cash receipts:			
Transfer from electric utility fund	\$ -	\$ 20,000	\$ 20,000
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	20,000	20,000
Unencumbered cash, beginning of year	<u>44,931</u>	<u>26,057</u>	<u>70,988</u>
Unencumbered cash, end of year	<u><u>\$ 44,931</u></u>	<u><u>\$ 46,057</u></u>	<u><u>\$ 90,988</u></u>

The accompanying notes are an integral  
part of the financial statements.

# CITY OF LAKIN, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES ALL NON-BUDGETED ENTERPRISE FUNDS

Year ended December 31, 2011

	Electric reserve	Water debt service
Cash receipts:		
Interest	\$ -	\$ 103
Surcharge	-	-
Loan proceeds	-	-
Transfer from electric utility fund	25,000	-
Transfer from water utility fund	-	96,000
Transfer from refuse collection utility fund	-	-
	<hr/>	<hr/>
Total cash receipts	25,000	96,103
	<hr/>	<hr/>
Expenditures:		
Contractual services	-	-
Debt service payments:		
Principal	-	100,000
Interest and commission	-	12,660
	<hr/>	<hr/>
Total expenditures	-	112,660
	<hr/>	<hr/>
Receipts over (under) expenditures	25,000	(16,557)
Unencumbered cash (deficit), beginning of year	975,000	49,521
	<hr/>	<hr/>
Unencumbered cash (deficit), end of year	<u>\$ 1,000,000</u>	<u>\$ 32,964</u>

The accompanying notes are an integral  
part of the financial statements.

<u>Water treatment facility construction</u>	<u>Refuse collection reserve</u>	<u>Sewage disposal pump deposit reserve</u>	<u>Sewage disposal debt service</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 103
-	-	-	81,049	81,049
177,742	-	-	16,936	194,678
-	-	-	-	25,000
-	-	-	-	96,000
-	10,000	-	-	10,000
<u>177,742</u>	<u>10,000</u>	<u>-</u>	<u>97,985</u>	<u>406,830</u>
134,757	-	-	18,316	153,073
-	-	-	49,951	149,951
-	-	-	8,091	20,751
<u>134,757</u>	<u>-</u>	<u>-</u>	<u>76,358</u>	<u>323,775</u>
42,985	10,000	-	21,627	83,055
<u>(88,987)</u>	<u>42,330</u>	<u>24,000</u>	<u>221,239</u>	<u>1,223,103</u>
<u>\$ (46,002)</u>	<u>\$ 52,330</u>	<u>\$ 24,000</u>	<u>\$ 242,866</u>	<u>\$ 1,306,158</u>

# CITY OF LAKIN, KANSAS

## LAKIN HOUSING AUTHORITY (A COMPONENT UNIT)

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - NONBUDGETED FUNDS

Year ended December 31, 2011

	<u>O'Loughlin</u>	<u>Westridge</u>	<u>Total</u>
Cash receipts:			
Rental Income	\$ 26,305	\$ 33,925	\$ 60,230
Rental assistance	24,894	59,254	84,148
Laundry income	728	1,761	2,489
Interest income	85	223	308
Interest subsidy	8,450	-	8,450
Miscellaneous	54	497	551
	<u>60,516</u>	<u>95,660</u>	<u>156,176</u>
Total cash receipts			
	<u>60,516</u>	<u>95,660</u>	<u>156,176</u>
Expenditures and encumbrances:			
Repairs and maintenance	34,479	83,992	118,471
Payroll and payroll taxes	7,772	15,616	23,388
Management fees	418	729	1,147
Utilities	2,613	5,526	8,139
Insurance	11,371	16,108	27,479
Pest control	540	740	1,280
Supplies	439	1,687	2,126
Dues and subscriptions	969	-	969
Professional fees	-	206	206
Travel & entertainment	-	119	119
Debt service payments:			
Principal	5,974	-	5,974
Interest expense	9,688	-	9,688
Miscellaneous	2,744	751	3,495
	<u>77,007</u>	<u>125,474</u>	<u>202,481</u>
Total expenditures			
	<u>77,007</u>	<u>125,474</u>	<u>202,481</u>
Receipts over (under) expenditures	(16,491)	(29,814)	(46,305)
Unencumbered cash, beginning of year	77,204	139,643	216,847
	<u>77,204</u>	<u>139,643</u>	<u>216,847</u>
Unencumbered cash, end of year	<u>\$ 60,713</u>	<u>\$ 109,829</u>	<u>\$ 170,542</u>

The accompanying notes are an integral  
part of the financial statements.

# CITY OF LAKIN, KANSAS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2011

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist in understanding the City's financial statements which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are representations of the City's management, which is responsible for their integrity and objectivity. The amounts shown for 2010 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2011, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting as described below.

#### 1. Reporting entity

The City of Lakin is a municipal corporation governed by an elected mayor and five-member council. The scope of the entity for financial reporting purposes is defined as those funds for which the governing body of the City has financial accountability. Financial accountability includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds. These financial statements include all funds included in the City's legally adopted budget and funds controlled or administered by City employees in their capacity as City employees. These financial statements present the City of Lakin, Kansas (the primary government) and its component unit. The component unit is included in the City's reporting entity because of the significance of its operational and financial relationship with the City.

#### Discretely presented component unit

The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the City.

The Lakin Housing Authority governing board is appointed by the City Council. Although the City does not have the authority to approve or modify the Housing Authority's operational and capital budgets, and the Housing Authority has the authority to issue bonded debt, the City is fiscally responsible for the Housing Authority as it was created as an agent of the City.

Complete financial statements for the Housing Authority may be obtained at:

Lakin Housing Authority  
207 N. Kearny Street  
Lakin, KS 67860

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2. Fund accounting

The accounts of the City are organized on the basis of funds. A fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity. City resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following funds comprise the financial activities of the City for the year of 2011:

#### GOVERNMENTAL FUNDS

##### General Fund

This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

##### Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources other than special assessments, trust funds, or major capital projects that are restricted by law or administrative action to expenditure for specified purposes.

##### Debt Service Fund

This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term debt, including special assessments which are general obligations of the City.

#### PROPRIETARY FUNDS

##### Enterprise Funds

These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

### 3. Statutory basis of accounting

*Statutory Basis of Accounting.* The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.



## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3. Statutory basis of accounting (Continued)

The City has adopted a resolution that is in compliance with K.S.A. 75-1120a(c) waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

*Departure from accounting principles generally accepted in the United States of America.* The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

### 4. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4. Budgetary information (continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for utility reserve funds and the following special revenue funds:

Special Equipment Fund  
Capital Improvement Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

### 5. Cash and investments

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing deposits and disclosed as part of the City's deposits.

### 6. Ad valorem tax revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. Taxes are levied by November 1 and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed to the City by January 20, and the second half is due May 10 and distributed to the City by June 5. The City draws available funds from the County Treasurer's office at designated times throughout the year.

### 7. Special assessments

Projects financed in part by special assessments are financed through issuance of general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

### 8. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 9. Section 457 Deferred Compensation Plan

The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan.

### 10. Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

### 11. Section 125 plan

The City offers a section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums and medical and dependent care reimbursement. The plan is administered by AFLAC.

### 12. Compensated absences

The City's policy allows vacation time to accumulate to 40 hours in excess of the amount earned during the year. Annual leave must be taken prior to employee termination. Sick leave may be accumulated up to ninety days, but unused sick leave is not paid upon termination or resignation. The City does not accrue amounts for compensated absences, as the amounts are not material in relation to the financial statements taken as a whole and these costs are expensed as paid.

### 13. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to cover health, property, liability, and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

## B. DEPOSITS AND INVESTMENTS

*Policies.* The City has a formal policy for the investment of idle funds. The objectives of the policy are to safeguard all public moneys and maximize net earnings. Investments may be made in temporary notes or no-fund warrants of the City, time deposits, open accounts or certificates of deposit, time certificates of deposit, repurchase agreements, and United States treasury bills or notes. The City also follows state statutes.

## B. DEPOSITS AND INVESTMENTS (CONTINUED)

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds to have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds.

K.S.A. 9-1402 requires the City's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Additionally, K.S.A. 10-131(a)(6) authorizes the City to invest proceeds of bonds in obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. At year-end the carrying amount of the City's deposits, including certificates of deposit, was \$3,326,720. The bank balance was \$3,328,224. Of the bank balance, \$262,087 was covered by FDIC insurance, and \$3,066,137 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

## C. LONG-TERM DEBT

Changes in long-term liabilities for the entity for the year ended December 31, 2011, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
Street, water, and sewer improvement issued June 3, 2002 in the amount of \$130,000 at interest rates of 2.8 - 4.7% maturing September 1, 2012	\$ 30,000	\$ -	\$ 15,000	\$ 15,000	\$ 1,396
Water improvement issued October 1, 1998 in the amount of \$1,215,000 at interest rates of 3.7 - 5.5% maturing September 1, 2013	305,000	-	100,000	205,000	12,660
Revolving loans:					
KDHE sewer lagoon expansion issued March 1, 2004 at interest rate of 2.76% including a .25% service fee Repayment established upon project completion	301,658	16,936	49,951	268,643	8,091
KDOT street paving loan issued April 2, 2007 at interest rate of 3.60% including a .25% service fee maturing August 1, 2017	426,529	-	55,099	371,430	15,355

### C. LONG-TERM DEBT (CONTINUED)

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Revolving loans (continued):					
KDHE water treatment plant issued May 26, 2010 in the amount of \$3,400,000 at interest rate of 3.50% including a .35% service fee refinancing established upon project completion	\$ 276,125	\$ 188,258	\$ -	\$ 464,383	\$ -
Capital leases:					
2009 Sterling dump truck issued November 20, 2008 in the amount of \$104,512 at interest rate of 3.625% maturing November 20, 2013	63,278	-	20,863	42,415	2,051
2009 Johnston MX-450 Street Sweeper issued February 2, 2009 in the amount of \$113,500 at interest rate of 3.25% maturing February 3, 2014	72,154	-	20,702	51,452	1,871
2010 International 7400 truck and refuse service body issued January 27, 2010 in the amount of \$139,575 at interest rate of 3.10% maturing January 27, 2015	<u>115,591</u>	<u>-</u>	<u>26,955</u>	<u>88,636</u>	<u>3,246</u>
Total long-term debt	<u>\$1,590,335</u>	<u>\$ 205,194</u>	<u>\$ 288,570</u>	<u>\$1,506,959</u>	<u>\$ 44,670</u>

Current maturities of general obligation bonds and interest for the next two years through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 115,000	\$ 9,265	\$ 124,265
2013	<u>105,000</u>	<u>4,410</u>	<u>109,410</u>
Total	<u>\$ 220,000</u>	<u>\$ 13,675</u>	<u>\$ 233,675</u>

Current maturities of State revolving loan and interest for the next six years through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 57,083	\$ 13,371	\$ 70,454
2013	59,138	11,317	70,455
2014	61,267	9,187	70,454
2015	63,473	6,982	70,455
2016	65,758	4,697	70,455
2017	<u>64,711</u>	<u>2,330</u>	<u>67,041</u>
Total	<u>\$ 371,430</u>	<u>\$ 47,884</u>	<u>\$ 419,314</u>

### C. LONG-TERM DEBT (CONTINUED)

Current maturities of capital leases and interest for the next four years through maturity are as follows:

	Principal due	Interest due	Total due
2012	\$ 72,898	\$ 4,841	\$ 77,739
2013	73,391	2,440	75,831
2014	33,704	601	34,305
2015	<u>2,510</u>	<u>7</u>	<u>2,517</u>
Total	<u>\$ 182,503</u>	<u>\$ 7,889</u>	<u>\$ 190,392</u>

### D. DEFINED BENEFIT PENSION PLAN

*Plan description.* The City of Lakin, Kansas, contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603), at the following website: <http://www.kpers.org/annualreport2011.pdf> or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and 74-49,210 establishes the KPERS member-employee contribution rate. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The KPERS employer rate established by statute for calendar year 2011 is 7.74%. The City of Lakin's employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$60,522, \$55,845, and \$47,810, respectively, equal to the required contributions for each year.

### E. INTERFUND TRANSACTIONS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory or other authority</u>	<u>Amount</u>
Electric Utility	General Fund	K.S.A. 12-825d	\$ 100,000
Electric Utility	Capital Improvement	K.S.A. 12-825d	20,000
Electric Utility	Electric Reserve	K.S.A. 12-825d	25,000
Water Utility	Water Debt Service	K.S.A. 12-825d	96,000
Refuse Collection Utility	Refuse Collection Reserve	K.S.A. 12-825d	<u>10,000</u>
			<u>\$ 251,000</u>

## F. DEBT LIMITATION

The amount of long-term debt that can be incurred by the City is limited by K.S.A. 10-308. The total outstanding bonded indebtedness during a year can be no greater than 30% of the assessed value of taxable tangible property as certified to the County Clerk on the preceding August 25. This limitation is modified by K.S.A. 10-309 which exempts bonds issued for street, water or sewer improvements. As of December 31, 2011, the amount of outstanding bonded indebtedness, net of exempt bonds, was equal to .17% of property assessments as of August 25, 2010.

## G. CONTINGENCIES

Starting in 2004 the City upgraded its wastewater facility. This project is funded by a State revolving loan of up to \$887,498 at 2.76% interest through the Kansas Department of Health and Environment. The project is complete except for a sludge issue. After consultation with the Kansas Department of Health and Environment, the loan will be left open until the issue is resolved in the event that additional expense is incurred.

The City has one water well which tested above the acceptable levels for uranium. The City has contracted for preliminary studies necessary to build a reverse osmosis plant to remediate the uranium levels. Temporary financing for the water treatment plant is through the state revolving loan fund. Final financing will be through Rural Development once the project is complete. A bid from a construction company in the amount of \$6,470,094, including change orders, was approved for construction of the treatment facility contingent upon USDA funding.

## H. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for the consideration of the Director of Accounts and Reports and legal representatives of the City.

The cash basis law provided by K.S.A. 10-1113 prohibits the expenditures of funds in excess of available cash. The Water Treatment Facility Construction Fund showed an ending unencumbered cash deficit of \$46,002 as of December 31, 2011. This fund is financing the construction of a water treatment facility through the KDHE revolving loan program. Loan proceeds are received on a reimbursement basis which meets the cash basis law exemption criteria of K.S.A. 10-1116.

## I. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 7, 2012, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.